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CENTRAL INTELLIGENCE BULLETIN

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*Common Market: Developments since the break-down of negotiations over financing the EEC's common agricultural policy (CAP) indicate that in terminating the discussions the French intended to provoke a serious crisis in the Common Market.

[Following its vague threats of last week not to participate further in community activities, Paris has now "temporarily" withdrawn French representatives from two EEC working groups. According to press reports, a French foreign office official has said the government feels the Common Market should be "put in mothballs."]

accounts of the 30 June Council of Ministers meeting now reveal that when the French were unable to obtain agreement on financing the CAP for the next five years without making concessions they decided to terminate the negotiations. European circles tend therefore to see the resulting stalemate as a test of strength between De Gaulle's conception of a "Europe of fatherlands" and the commitment of the other five and the EEC Commission to a federal European state.

French strategy nevertheless remains unclear. Paris may still hope the crisis atmosphere will force the others to back down at a new confrontation before the community's summer recess. On the other hand, the French may have the longer range aim of thoroughly "humiliating" the Commission, keeping the crisis alive through this year, and paving the way for a later attempt to negotiate major revisions of the EEC treaty?

[The opposition to the French seems to be standing firm. Although the Commission is drafting new proposals, these are reportedly designed—by stressing the wide range of agreed points—to demonstrate that the French alone are blocking progress. Both the Italians, who will hold the chairmanship of the Council for the remainder of this year, and the Dutch have indicated they will not yield to the French]

According to the US Embassy, the Bonn government has accepted this "confrontation" with Paris with quiet

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determination and is under no domestic pressure "to come to terms." The Germans are willing, however, to agree to a "package" which would include an interim financial arrangement of up to five years, a French commitment to complete the industrial part of the EEC by mid-1967, and "some statement" regarding the future role of the European Parliament,

The US mission in Brussels believes the community's ability to negotiate in the Kennedy Round, especially on agriculture, has been put in jeopardy.

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NOTE

*France: The first successful launch of the two-stage Saphir rocket took place at the French missile test center at Hammaguir, Algeria on 5 July. The Saphir forms the lower two stages of the three-stage Diamant rocket which France claims it will use for its first satellite launch attempt late this year or in early 1966. The third stage of the Diamant already has been test-flown several times.

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